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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of

Reform of the Interstate
Access Charge Rules

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RM-8356

GTE's COMMENTS

GTE Service Corporation and
its affiliated domestic
telephone operating companies

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SUMMARY

1. A broad cross-section of the telecommunications industry and regulatory community recognizes the need for prompt Commission action to carry out comprehensive reform of interstate access regulation.

2. The Commission's use of *ad hoc* revisions to access regulations fails to provide needed reform in either a timely or coordinated manner, leaving major issues unresolved.

3. Employing the *USTA Petition* as a framework, the Commission should immediately begin a rulemaking proceeding to address access reform. The primary goal should be to construct a new regulatory model that will (1) provide an appropriate framework for full participation by all service providers in today's dynamic telecommunications market, and (2) allow the citizens of the United States to benefit from the electronic revolution currently underway.

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GTE's COMMENTS

BACKGROUND

¹ Those objectives are: (1) promote universal service, (2) facilitate the introduction of new services and technologies, (3) encourage efficient use of the network, (4) support balanced competition in access markets, (5) encourage development of the telecommunications infrastructure, (6) prevent unreasonable discrimination and (7) minimize regulatory burdens. See *USTA Petition* at 14-20.

mechanisms and eliminating the regulatory constraints which inhibit the introduction of new services."

DISCUSSION

I. A BROAD CONSENSUS OF INDUSTRY PARTICIPANTS RECOGNIZES THE NEED FOR PROMPT ACTION TO REFORM INTERSTATE ACCESS REGULATION.

While GTE endorses the integrated solutions offered within the *USTA Petition*, these comments are not intended to advocate specific USTA recommendations. Rather, these GTE remarks are limited to a plea for the Commission to begin immediately a comprehensive rulemaking proceeding based upon the USTA proposal. Such a proceeding would allow ample opportunity for public review and discussion of the merits of the USTA and other contemporary proposals and move forward urgently needed reform.

There is a strong industry consensus that some form of proceeding is needed to revise the antiquated access charge rules. Of the twenty-one parties commenting on the request for an access reform Notice of Inquiry filed by the National Association of Regulatory Utility Commissioners ("NARUC"),² there was only one party that did not recommend some sort of proceeding to reexamine the access rule structure.³ Those supporting initiation of a proceeding included Competitive Access Providers ("CAPs"), local Exchange Carriers ("exchange carriers" or "LECs"), interexchange carriers

² See In the Matter of NARUC's Request For a Notice of Inquiry Concerning Access Issues (the "*NARUC Petition*"), DA 93-847, comments filed on September 2, 1993.

³ Even the sole dissenter asked the Commission to begin a proceeding to address separations issues, to be followed by comprehensive Part 69 access rules reform, if "deemed necessary in light of overall Part 36 revisions." See Comments of the Ad Hoc Telecommunications Users Committee on the *NARUC Petition* filed on September 2, 1993 at 6.

("IXCs"), other customers and state regulators. While each of these entities may have differing opinions as to the proper procedural approach or the appropriate content of access rule revisions, all urged prompt Commission action.

In addition to USTA, other groups have made an extensive review of existing access rules, and have reached conclusions that support USTA's call for action. NARUC's Access Issues Work Group ("AIWG") recently completed a lengthy process of review of Part 69 and issued a report (the "*AIWG Paper*") of recommended actions.⁴ A broad cross-section of the industry, including LECs, IXCs, CAPs, a large user group and FCC staff, also participated in this review. The *AIWG Paper* addresses many of the same issues discussed in the *USTA Petition* and reaches the same basic conclusion as that reached by USTA, *i.e.*, that reform is necessary. While neither NARUC nor GTE endorses the specific conclusions of the *AIWG Paper*, GTE agrees wholeheartedly with NARUC that "the critical need for a comprehensive examination [of interstate access regulations] is long overdue."⁵

The Commission staff has also completed a study (the "*Staff Analysis*") of the suitability of the current access rules for today's telecommunications market conditions.⁶ While making no specific recommendations, the *Staff Analysis* identifies numerous significant problems in the existing access rules and discusses options the Commission could employ to address those shortcomings. The *Staff Analysis*, in reaching (at 10) the overall conclusion that "extraordinary changes ... may have

⁴ See "Recommendations for Restructuring Access and Jurisdictional Allocations," a white paper presented to the NARUC Committee on Communications, March 1993, included as Appendix B of the *NARUC Petition*.

⁵ *NARUC Petition* at 6.

⁶ See "Federal Perspectives on Access Charge Reform", prepared by the Common Carrier Bureau's Access Reform Task Force.

rendered obsolete many of the Commission's access charge rules," parallels the views of NARUC, USTA and GTE.

In summary: A broad cross-section of the telecommunications industry and regulatory community recognizes the need for prompt Commission action to carry out comprehensive reform of interstate access regulation.

II. THE COMMISSION'S CURRENT PROGRAM OF PIECEMEAL REVISIONS TO ACCESS REGULATIONS FAILS TO ADDRESS TIMELY AND NEEDED REFORM.

Chairman Quello recently mentioned that a framed copy of the Commission's goals hangs in every FCC office.⁷ Two of those goals are relevant to the instant discussion: (i) to encourage "competitive, innovative and excellent communications services for our public"; and (ii) "to provide effective and adaptive regulation." GTE agrees that both are critical components of regulation in today's environment, and urges the Commission to begin a comprehensive review of access charge rules in order to ensure they are "effective and adaptive" and consistent with marketplace realities.

The current Commission practice of piecemeal revision to access regulation fails to further either of those goals. At the very least, the timing of decisions made in separate proceedings is not synchronized. In many cases, individual proceedings leave much unfinished business. For example, in the *Transport Order*⁸ the Commission adopted a residual Transport Interconnection Charge ("TIC") that would recover many

⁷ "Flexible Regulatory Policies in a Competitive Environment," remarks of Chairman James H. Quello at INTELEVENT 93, October 4, 1993.

⁸ See Transport Rate Structure and Pricing, Report and Further Notice of Proposed Rulemaking, CC Docket No. 91-213 (the "*Transport Order*"), 7 FCC Rcd 7006 (1992), *reconsideration*, 8 FCC Rcd 5370 (1993), *petitions for further reconsideration pending*.

cost components, including inadequately depreciated assets and implicit universal service support flows between both services and geographic areas.⁹ However, an examination of the components of the TIC was delayed to some yet unspecified future time.¹⁰ The recent Commission decision regarding depreciation practices does not address TIC issues at all.¹¹ In fact, this decision defers reform for some unspecified subset of accounts until completion of yet another round of public comment, and postpones reform for the remaining accounts for as much as a year pending further study.¹² Despite recognition that such issues as subsidizing universal service ultimately must be addressed¹³ and despite the Commission's strong commitment to maintaining universal service¹⁴, the FCC is not currently addressing the fundamental questions of (i) how to assure universal service once it is no longer practical or desirable to encumber exchange carrier rates with implicit support flows; and (ii) how to spread the burden of explicit support contributions among all telecommunications service providers. By

⁹ *Transport Order*, 7 FCC Rcd at 7046.

¹⁰ *Id.*, 7 FCC Rcd at 7063-7066.

¹¹ *Simplification of the Depreciation Prescription Process*, CC Docket No. 92-296, Report and Order, FCC 93-452 (released October 20, 1993).

¹² *Id.* at para. 65 and n.110.

¹³ *See Staff Analysis* at 52-57. Even the Commission's recent action in initiating an interim and a long term examination of the Universal Service Fund does not propose to address more than the narrow issue of this one explicit support mechanism. *See Notice of Proposed Rulemaking*, CC Docket No. 80-286, FCC 93-435 (released September 14, 1993) at para. 2.

¹⁴ *See Separate Statement of Commissioner Andrew C. Barrett* (at 2) attached to *Expanded Interconnection with Local Telephone Company Facilities*, CC Docket No. 91-141, *Second Memorandum Opinion and Order on Reconsideration* (released September 2, 1993).

granting the *USTA Petition*, the Commission would at least start to address these matters.

In summary: The Commission's use of *ad hoc* revisions to access regulations fails to provide needed reform in either a timely or coordinated manner, leaving major issues unresolved.

III. THE COMMISSION SHOULD IMMEDIATELY BEGIN A COMPREHENSIVE RULEMAKING PROCESS.

The *USTA Petition* places in the public record a complete plan for access reform, including draft rule language. It provides an excellent vehicle for the FCC to initiate a long-overdue proceeding designed to overhaul the outdated federal access charge rules. GTE emphatically supports the reforms contained within the *USTA Petition* and urges the Commission to immediately undertake a rulemaking proceeding based upon the USTA proposals.¹⁵

There is strong bipartisan Congressional recognition that telecommunications can play an important part of the revitalization of the national economy. It is imperative for the Commission to initiate a fresh approach to the present regulatory framework of interstate access if the Clinton administration's vision of a National Information Infrastructure built by the private sector is to be realized in this century.

Accordingly: The Commission should treat the *USTA Petition* as a useful framework, and immediately begin an access reform rulemaking. The primary goal

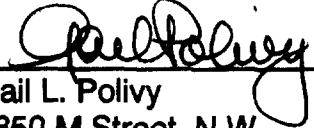
¹⁵ GTE has been urging such action by the Commission for several years. See, e.g., In the Matter of Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture, CC Docket No. 89-79, and Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, GTE's Petition for Partial Reconsideration filed August 26, 1991 at 21-24. There is here no question of delaying the FCC's pro-competitive initiatives. It is rather a question of making policy decisions that are the logical concomitants of those initiatives and indispensable to their success.

should be to construct a new regulatory model that will (1) provide an appropriate framework for full participation by all service providers in today's dynamic telecommunications market, and (2) allow the citizens of the United States to benefit from the electronic revolution currently underway.

Respectfully submitted,

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Certificate of Service

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